

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

**ORIGINAL
FILE**

In the Matter of)
)
Billed Party Preference)
for InterLATA Calls)

CC Docket No. 92-77 ✓

JOINT COMMENTS

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Federal Communications Commission
Office of the Secretary

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SUMMARY

The Commission should not adopt billed party preference ("BPP") for interLATA operator services. Despite the conceptual appeal of BPP, implementation is not in the public interest.

Although prior to this rulemaking the Commission has sought and received numerous comments on BPP, its proponents have never provided sufficiently detailed technical information to enable the Commission or other parties to understand BPP network configurations and to quantify precisely its implementation costs. Nonetheless, despite the scant information BPP proponents have provided on the most basic design aspects of BPP, it is absolutely clear that BPP will not provide benefits which outweigh the costs, service degradation and anticompetitive impact of the system. At a minimum, BPP will impose the following burdens:

- BPP will impose substantial processing costs on every 0+ and 0- call to which it is applied. Indeed, the recurring costs across all IXCs providing operator services would be astronomical -- around \$84 million per month, or \$1.008 billion per year.
- BPP will reestablish a LEC bottleneck for all 0+ calls.
- BPP will complicate call routing and processing for all IXCs, increasing call set up and access times to the frustration of consumers, and require the use of two operators on collect and third party calls. Moreover, it would force IXCs to make additional network facilities investments in order physically to accommodate BPP call routing.
- BPP will be competitively disastrous to regional IXCs which do not have ubiquitous nationwide network origination.

- BPP will virtually eliminate the value of billions of dollars of investment in customer premises and pay telephone equipment which will no longer be permitted to perform the routing and billing functions for which it is designed. BPP will remove equipment provider incentives to develop advanced call processing technology.

These huge burdens cannot be justified, because BPP would not benefit consumers in any significant way. It would not expand consumer carrier or service choices. In fact, BPP would result in far higher rates for all operator services calls from all aggregator locations than any existing rate issues at the small percentage of aggregator locations served by non-dominant IXCs. It would be extraordinarily ironic, not to mention absurd, to cause rates on all operator assisted calls to increase substantially in order to address rate issues at less than 15% of all aggregator locations (one of the ostensible purposes of BPP). To the extent that rate issues at this small minority of locations are fueling the Commission's consideration of BPP, BPP is not the answer to these concerns. The Commission should instead utilize the far less expensive tools Congress has provided in the Telephone Operator Consumer Services Improvement Act of 1990 for reviewing operator services rates and their underlying costs, and implement whatever focused remedies are appropriate to resolve rate concerns.

The only real-world benefit of BPP to consumers would be that occasionally they could avoid dialing a few access code digits in order to reach their IXC of choice at locations presubscribed to a different IXC for 0+ calls. This slight

simplification of dialing arrangements fails to justify the hundreds of millions of dollars in implementation costs, BPP tariffed charges and other resources required to deploy BPP nationwide. Nor could it support wasting million-dollar equipment investments and resources that operator service providers and aggregators have expended, and continue to commit, to comply with the Commission's established regulatory scheme.

At bottom, BPP is unnecessary. The Commission has already established nationwide rules for the operator services market. At a fraction of the cost of BPP, these requirements ensure consumers will be able to reach their IXC of choice from all aggregator locations, without stifling competition in the operator services and pay telephone markets, and disrupting the telecommunications arrangements and CPE investments of numerous aggregators.

For all of these reasons, the Commission should reject BPP.

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JOINT COMMENTS

Cleartel Communications, Inc. ("Cleartel"), Com Systems, Inc. ("Com Systems"), International Pacific, Inc. ("IPI") and TelTrust Communications Services, Inc. ("TelTrust") ("Joint Commenters"), by their undersigned counsel, hereby submit their comments in response to the Commission's Notice of Proposed Rulemaking inviting comments on "the merits of an automated 'billed party preference' routing methodology for 0+ interLATA payphone traffic and other types of operator-assisted interLATA traffic."^{1/} As detailed herein, Joint Commenters urge the Commission to reject billed party preference ("BPP") because it is an enormously costly and anticompetitive service, for which no countervailing public interest benefits exist.

^{1/} Notice of Proposed Rulemaking, CC Docket No. 92-77, FCC 92-169 (released May 8, 1992), at ¶ 1 ("Notice"). Joint Commenters are regionally-based interexchange carriers which all provide a variety of long distance telecommunications services, including 0+ services. Joint Commenters have no corporate affiliation and are not otherwise related to each other in any way. They share similar interests in this proceeding, however, and are filing these comments jointly to avoid unnecessary duplication and thereby conserve the resources of the Commission and parties.

I. INTRODUCTION

Currently, all 0+ interLATA calls from aggregator locations are routed either by the local exchange carrier ("LEC") or through a dedicated access facility to the interexchange carrier ("IXC") presubscribed to the originating line. As the Commission notes, implementation of BPP would "fundamentally change the routing of 0+ calls" by routing them instead to the IXC predesignated by the party paying for the call.^{2/} In concept, the plan has a theoretical appeal, since it would enable consumers to reach their presubscribed IXC without dialing an access code.^{3/} It is a far leap from that conceptual appeal,

^{2/} Notice at ¶ 9. BPP would route an IXC calling card call to the carrier that issued the card, and a LEC calling card call would be routed to the IXC selected by the cardholder for 0+ calls. A call billed to a third number would be routed to the IXC presubscribed to the third number for 0+ calls, and a collect call would be routed to the called party's presubscribed IXC for 0+ calls.

To identify the carrier for 0+ calls, the LECs would load a primary and secondary IXC choice into the Line Information Data Base System ("LIDB") for each telephone line. LECs would launch a query from the LEC operator service switch ("OSS") to a LIDB via common channel signalling ("SS7") to identify the predesignated IXC. Notice at ¶ 10.

To be used for BPP, IXC calling cards would have to be in the Card Issuer Identifier ("CIID") or the 891 format. Notice at ¶ 11. For IXC calling card calls, LECs would perform carrier identification by either reading the first six digits of the card number at the OSS, or by querying the IXC's data base for routing instructions. Id.

^{3/} Notice at ¶ 18.

however, to a public interest finding that BPP should be mandated by this Commission.

Technical details and network schematics showing how the system would be configured have never been adequately explained by the proponents of BPP. It is therefore impossible to gauge with precision all of the network changes (and corresponding costs) that IXCs would have to make to accommodate BPP, or to determine precisely the degradation of call processing times and other service quality factors that would occur on many calls. Moreover, the estimated costs of BPP in the record to date differ by over half a billion dollars and therefore cannot be relied upon as serious projections of the likely implementation and ongoing service costs.

Nevertheless, despite the sketchy descriptions and unreliable cost projections of BPP presented to date, it is absolutely clear that BPP will not provide benefits which would outweigh the costs, service degradation, and anti-competitive impact of the system. Certain effects are absolutely inevitable, even though their exact magnitude is difficult to quantify given the lack of data:

- BPP will impose substantial processing costs on every 0+ and 0- call to which it is applied;
- BPP will reestablish a LEC bottleneck for all 0+ calls;
- BPP will complicate call routing and processing, and require IXCs to invest in additional network facilities in order physically to accommodate BPP call routing;

- BPP will be competitively disastrous to regional IXCs such as Joint Commenters, which do not have ubiquitous nationwide network origination; and
- BPP will virtually eliminate the value of billions of dollars of investment in customer premises and pay telephone equipment which will no longer be permitted to perform the routing and billing functions for which it was designed, and BPP will eliminate incentives for equipment providers to develop advanced call processing technology.

Significantly, another national telecommunications regulatory agency was recently faced with the same issues presented here, and flatly refused to mandate BPP. The Canadian Radio-Television and Telecommunications Commission ("CRTC") recently completed a far-reaching competition proceeding in which, among other things, it considered whether to mandate BPP or to permit service to be provided by the presubscribed carrier of the originating line.^{4/} The local telephone company proponents of Canadian BPP cited the "pitfalls" of U.S. presubscription arrangements for 0+ services, and argued that presubscription leads to competition for location owner business over end user competition. Those supporters of BPP conceded, however, that BPP would require software development and entail significant costs^{5/} and time delay.^{6/} The CRTC found that these

^{4/} Telecom Decision CRTC 92-12, Competition in the Provision of Public Long Distance Voice Telephone Services and Related Resale and Sharing Issues, slip op. (June 12, 1992) ("CRTC Decision").

^{5/} There was a projected \$26 million in start-up costs for Bell Canada and British Columbia Telephone -- a mere pittance compared to even the lowest estimates by their U.S. counterparts. Compare CRTC Decision at 161, with Notice at ¶ 25.

factors outweighed the alleged benefits of BPP. Accordingly, the CRTC approved presubscription arrangements coupled with consumer protection provisions in operator services tariffs.^{2/}

Joint Commenters urge this Commission similarly to refuse to mandate BPP for interLATA calls. BPP is, in any event, completely unnecessary since through its current regulations the Commission has already assured consumers access to their carrier of choice at all aggregator locations. At a fraction of the cost of BPP and without its overwhelming technical drawbacks, these regulations are already effective and are meeting the purposes the Commission has tentatively recognized in BPP: providing consumers with uniform and consistent dialing patterns from all aggregator locations.

II. BPP WILL IMPOSE SUBSTANTIAL PROCESSING COSTS ON EVERY 0+ AND 0- CALL TO WHICH IT IS APPLIED

BPP is nothing more than an extremely expensive routing method for operator assisted interLATA calls. BPP does not provide consumers with any additional carrier or service choices they do not already have in today's presubscription market. It would, moreover, eliminate the marginal inconvenience of dialing access codes for only a fraction of operator assisted calls at substantial cost to all such calls. As such, BPP would have no

^{9/} (...continued)

^{9/} Bell Canada projected at least a 2 year period for development and implementation of BPP. CRTC Decision at 161.

^{2/} Id.

purpose other than to enrich the LECs providing the service. In fact, in the interest of shifting the competitive focus of operator services away from aggregators, BPP would impose a far greater cost, paid instead to the LECs, on all subscribers. BPP's excessive costs are totally unjustifiable.

Consumers currently can exercise carrier choice at all aggregator locations under the Commission's established operator services rules. The Commission's posting rule requires prominent identification of the presubscribed carrier for each telephone and notice that the carrier's rates are available on request.^{8/} Based on that posted information, a consumer can choose to use the presubscribed carrier's services by dialing 0+, or the consumer can use a different IXC by dialing an access code (10XXX, 800 or 950). The Commission has required IXCs providing operator services to establish a universally available access code for this purpose.^{9/}

The single, marginal benefit BPP offers over current dialing arrangements is the elimination of dialing access codes to reach a particular IXC at telephones not presubscribed to that IXC.

^{8/} 47 C.F.R. § 64.703(b). The Commission's notice requirements also provide consumers with oral notice of the carrier presubscribed to the originating line before the consumer incurs any charges. See 47 C.F.R. § 64.703(a)(1), (c).

^{9/} See Policies and Rules Concerning Operator Service Access and Pay Telephone Compensation, CC Docket No. 91-35, 6 F.C.C. Rcd. 4736 (1991); FCC News Release, Report No. DC-2144, CC Docket No. 91-35 (released June 25, 1992) (IXCs providing operator services must establish an 800 or 950 access number within six months of the effective date of the previously adopted rules).

Elimination of access code dialing in such limited circumstances does not justify the heavy cost burdens BPP would impose on the interstate operator services industry and, ultimately, on consumers. This is particularly true since, given IXC market shares in the 1+ and aggregator 0+ marketplace, a majority of consumers -- i.e. AT&T subscribers -- already get to their presubscribed carrier by dialing 0+ without the additional cost of BPP, and would therefore incur cost without corresponding benefit as a result of BPP.^{10/}

As the Commission acknowledges, estimates of the cost of BPP vary by over half a billion dollars.^{11/} Bell Atlantic, the most vociferous LEC proponent of BPP (and the most optimistic as to its cost), estimates that the investment of the seven Bell companies and GTE alone would be more than \$150 million. This substantial figure encompasses only payphone traffic and does not reflect the costs to all other independent LECs or the ongoing per call costs to IXCs of purchasing the service for every operator assisted call,^{12/} including the roughly 50% of all

^{10/} Joint Commenters estimate that AT&T continues to be the presubscribed carrier for over 85% of the aggregator market. Given AT&T's share of the 1+ presubscribed market, a majority of users at aggregator locations already reach their presubscribed carrier by dialing 0+.

^{11/} Notice at ¶ 25.

^{12/} Bell Atlantic Supplemental Comments, RM-6723 (filed Nov. 22, 1991) at 2; Bell Atlantic Motion for Commission Decision, RM-6723, (filed Nov. 26, 1990) at 4, n.12 ("Bell Atlantic Motion"). Bell Atlantic's projections only encompass investment in "increased switch capacity, upgrades to switch generic software (continued...)

calls which are uncompleted and therefore non-revenue producing to IXCs.^{13/}

While the cost projections for BPP are wholly inadequate for the Commission to make a detailed cost/benefit analysis, even the most favorable estimates demonstrate that its cost far outweighs any conceivable benefit. As noted, even the LECs have conceded that BPP would cost hundreds of millions of dollars just to implement.^{14/} None of the LECs has even attempted to estimate the on-going, recurring costs to IXCs. Only AT&T has attempted to project such on-going costs, and it projects that BPP will cost AT&T alone \$560 million annually.^{15/} Joint Commenters' estimates, using the average LEC rate for 0- operator transfer service as a surrogate for BPP on a live operator handled call,

^{12/} (...continued)
and network reconfiguration" -- they do not include any recurring costs for operator time, LIDB look-ups, switching and routing costs, etc. Bell Atlantic Motion at n.12.

^{13/} In Joint Commenters' experience, IXCs generally achieve an average operator services call completion rate of 41% to 53%. Therefore, an IXC's cost of BPP on every completed call would be roughly twice the LEC charge for the service, since it would be unable to collect that charge on uncompleted calls.

^{14/} See Notice at ¶ 25. In recognition of the scant detail provided to support cost estimates on BPP to date, the Commission has specifically requested detailed cost information from parties, including how costs are likely to affect operator service rates paid by consumers. Id.

^{15/} Notice at ¶ 25, citing AT&T Supplemental Comments, RM-6723 (filed Nov. 22, 1991), at 3.

and half that amount for an automated call,^{16/} confirm AT&T's projection and demonstrate that the recurring per call costs across all IXCs will be astronomical -- around \$84 million per month, or \$1.008 billion per year.^{17/}

LECs which have touted BPP as a "consumer friendly" improvement over current 0+ dialing options ignore completely the impact BPP would have on consumer rates. The LECs have emphasized their need to "recover" costs they would incur to implement BPP. The LEC cost recovery issues BPP raises cannot be considered in a vacuum by the Commission. If BPP were implemented, consumers would surely foot a large portion of the

^{16/} Use of the operator transfer rate as a surrogate for live operator BPP in the absence of any detailed estimates (or, indeed, any estimates whatsoever) from the LECs is probably conservative, since operator transfer service does not involve the LIDB look-ups BPP requires. Nevertheless, it does involve operator time similar to BPP on live operator assisted calls. Use of an amount equalling half of the operator transfer rate to estimate the likely rate for BPP on automated calls is based upon the general ratio between LEC charges for live operator assisted calls and automated calls. For example, Pacific Bell's rate for automated calling card calls in its California tariff is almost exactly half its rate for live operator handled calling card calls, thereby presumably showing the general ratio of its costs.

^{17/} Joint Commenters estimate that roughly 160 million automated and live operator assisted calls are completed every month nationwide. Based on their experience, approximately 50% of such calls (80 million) are processed by live operators, and 50% (80 million) are automated. If the average LEC rate for operator transfer service (35¢) is applied to the live operator handled calls, and a rate of half that amount (17.5¢) is applied to automated calls, and both amounts are doubled to account for a 50% completion rate, the total cost per month would be \$84,000,000, or \$1,008,000,000 per year. Significantly, AT&T's figure of a \$560 million per year cost to it is generally consistent with these estimates, given its roughly 60% share of the 1+ market.

bill in the form of higher service rates. Indeed, BPP would add a new and unnecessary layer of expense to interLATA operator services. LECs would recover their costs through tariffed BPP charges set by price cap regulation and paid by IXC's. All IXC's would be forced to raise rates charged to consumers for operator services in order to recover their costs of implementing BPP and of paying the ongoing LEC charges for BPP. These expenses would necessarily be passed on directly to consumers.

The proponents of BPP appear to assume that consumers would want BPP irrespective of its costs. Joint Commenters disagree. It is critical that the Commission not assume that consumers want to pay for a high-priced 0+ routing method that offers only marginal benefits for only a fraction of 0+ calls as compared to current 0+ dialing arrangements.^{18/} With full industry participation, the Commission has already established nationwide operator services rules which strike the right balance between consumer and competitive interests.

Moreover, to the extent that the Commission is concerned that competition for aggregator subscribers has placed upward pressure on operator service rates,^{19/} BPP is not the answer to that concern. Indeed, implementing BPP would result in far

^{18/} As discussed in Section IV, *infra*, BPP would have no benefit for calls handled by live operators. Such calls account for roughly 50% of all 0+/0- calls processed. Moreover, BPP would have no conceivable benefit to those AT&T subscribers who make calls at the roughly 85% of aggregator locations presubscribed to AT&T.

^{19/} Notice at ¶ 19.

greater rates on all operator assisted calls from all BPP aggregator locations than any existing rate concerns the Commission may have with respect to the small percentage of aggregator locations currently served by non-dominant providers.^{20/} It would be extremely ironic, not to mention contrary to the public interest, to cause rates on all operator assisted calls to increase dramatically through BPP in order to address rate issues at less than 15% of aggregator locations. The Commission should instead continue its Congressionally-mandated review of operator service rates and the underlying costs thereof and implement whatever remedy is appropriate industry-wide to resolve those concerns.^{21/}

^{20/} For example, for one of the Joint Commenters, the average rate on an average 6 minute payphone call, including aggregator surcharges and commissions, is \$1.37 above AT&T's rate for a similar call of the same distance. If that average difference were multiplied across 25 million calls (15% of the estimated total number of operator assisted calls, representing the non-AT&T segment of the aggregator market), the total amount above AT&T would equal \$32.88 million per month -- a far cry from the \$84 million per month cost of BPP which would be spread across all operator assisted calls. See n.17, supra. Moreover, this estimate overstates the likely actual amount of rates above AT&T rates, since it is based exclusively on payphone calls. As the Commission knows from its review of OSP informational tariffs, rates at other types of aggregator locations are generally lower than payphone rates.

^{21/} Congress envisioned such a review in the 1990 Telephone Operator Services Consumer Improvement Act, 47 U.S.C. § 226(h)(4)(A). The Act specifies that, if the Commission's rate review does not indicate that market forces are serving to assure that rates and charges are just and reasonable, the Commission shall establish regulations to provide such assurance and that "[s]uch regulations shall include limitations on the amount of commissions or any other compensation given to aggregators by providers of operator service." Id. Congress thereby expressly
(continued...)

Even if the Commission were to adopt BPP, consumers would not receive any of its purported benefits for at least two years from the date of a Commission decision, and probably much longer given the need for all of the LECs to coordinate its complex deployment nationwide.^{22/} In the interim, consumers would continue to use 0+ interLATA services pursuant to the Commission's current operator services rules and become familiar with how to exercise choice in placing operator service calls. It would make no sense to force consumers to undergo yet another change in operator call dialing instructions, and to be subjected to radically new presubscription procedures, neither of which provides them with any material benefit and both of which increase their costs. In addition, the Commission presumably will continue its required scrutiny of operator service rates, and will take appropriate actions pursuant to 47 U.S.C. § 226. BPP would therefore impose enormous costs for little or no benefit to users.

^{21/} (...continued)

acknowledged the concern raised by the Commission regarding the upward pressure of aggregator payments on operator service rates, and provided a solution to that concern if market forces are not found sufficient. It is doubtful that Congress intended that the Commission implement a BPP "solution" that would cause all operator service rates to increase in order to focus competition on end users instead of aggregators.

^{22/} The difficulties the LECs are experiencing with respect to timely deployment of the necessary SS7 interconnection to allow efficient 800 number portability is a case in point. See, e.g., Public Notice, DA 92-432, regarding Bell Atlantic Telephone Companies Petition for Waiver of the Commission's Access Time Standards for 800 Data Base Service in CC Docket No. 86-10 (released Apr. 7, 1992).

III. BPP WILL REESTABLISH A LEC BOTTLENECK FOR ALL 0+ CALLS

At its most basic, BPP is a LEC-created means for LECs to re-establish themselves as the bottleneck for all operator-assisted calls. Under BPP, LECs would become the initial gateway through which all such calls would be required to pass. This network configuration would impose limitations and requirements on all IXCs, including those which that have nationwide origination. For example, BPP would eliminate an IXC's ability to establish direct dedicated special access connections between the locations they serve and their own points-of-presence, thereby reducing their network configuration choices and increasing their costs. In addition, the elimination of such direct connections holds the IXC and its aggregator customers hostage to LEC switched services, and eliminates any opportunity to select a competitive access provider.

Moreover, as providers of 0+ gateway facilities, LECs will reap windfalls from having all 0+ intraLATA calls sent directly to their networks, regardless of whether intraLATA competition exists in their regions. The LECs effectively will be the "presubscribed" carriers for such 0+ intraLATA calls to the exclusion of all other carriers. Therefore, under BPP, LECs will be able not only to gain a permanent revenue stream from tariffed BPP charges paid by IXCs, but will also increase their 0+ intraLATA market share and revenues.

IV. BPP WILL COMPLICATE CALL ROUTING AND PROCESSING, AND FORCE IXCS TO INVEST IN ADDITIONAL NETWORK FACILITIES

A. BPP Would Produce Inconvenient Call Delays

As noted above, LEC proponents of BPP have never provided technical information to the Commission or other parties which would enable a detailed analysis of the network configuration and requirements of BPP. It is inconceivable that the Commission could mandate BPP without a thorough understanding of these complex issues. Without such an understanding, the Commission and interested parties cannot evaluate the actual network costs to IXCs and the impact of BPP on the quality of service to consumers for various types of operator service calls.^{23/} Nevertheless, from the scant record before the Commission to date, certain assumptions can be made, all of which demonstrate that BPP will impose extensive and costly network reconfigurations on IXCs. These requirements will significantly

^{23/} Given the fact that the Commission has sought and received numerous rounds of comments concerning BPP, the absence of detailed descriptions of the service and how IXC networks would have to be reconfigured to accommodate it is difficult to understand. The absence of such detail in LEC filings supporting BPP is indeed surprising, given that in other proceedings involving novel proposals to reconfigure network facilities, LECs have not hesitated to provide substantial and detailed comments assessing critical technical issues. See, e.g., Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, Notice of Proposed Rulemaking and Notice of Inquiry, 6 F.C.C. Rcd. 3259 (1991), and LEC comments filed therein. Clearly, where the LECs perceive themselves threatened by a proposal, they spare no effort to present details. From the lack of such data in this record, Joint Commenters can only conclude that the proponents have no incentive to permit careful scrutiny and that they either do not fully understand BPP, or understand it and therefore know that the network changes that it requires would be incredibly complex and costly to the IXCs.

complicate call processing, and increase call handling time to the substantial frustration of consumers.

To illustrate the likely changes to call processing which would result from BPP, Joint Commenters attach hereto a general diagram of BPP call routing and "before and after" diagrams of the BPP handling of two types of calls -- an automated calling card call and a collect call under current and BPP scenarios. See Attachment A, Fig. 1 (general routing); Figs. 2-3 (calling card); and Figs. 4-5 (collect). These diagrams graphically illustrate the central bottleneck role of the LEC and the much greater complexity of the BPP configuration, and the increased facilities that an IXC would require to accommodate BPP. Each diagram shows the path that a call would take from the calling party to the called party with, in the case of BPP calls, the addition of LEC LIDB queries, LEC operator handling, and previously unnecessary access facilities (Figs. 3 and 5).^{24/}

In fact, BPP proponents have conceded that BPP has many technical drawbacks that they claim can only be resolved if LECs

^{24/} Figure 5, illustrating a collect call in a BPP configuration, also shows the added complexity caused by LEC networks which use multiple Operator Base Units as back ups for each other. This requires IXCs to have access facilities to the LEC tandems serving all of the Operator Base Stations for a particular location, even if the IXC might have no other need for access at the remote tandems. For example, Joint Commenters are aware of a situation where Pacific Bell uses a San Francisco Operator Base Station as a back-up for calls originating in the Los Angeles LATA. An IXC providing service in Los Angeles would therefore need to arrange for access facilities serving the San Francisco tandem, even if the IXC offers no service in San Francisco.

deploy expensive network features such as SS7 and Automated Alternate Billing Services ("AABS").^{25/} For example, the LECs acknowledge that BPP would increase call set-up and access times on 0+ calls, and require the use of two operators on some calls, forcing consumers to repeat billing and other essential call processing information.

The ability and willingness of all LECs to deploy expensive "solutions" to these BPP drawbacks is unknown. Even if they are available, it is unclear that they would solve the technical problems associated with BPP. First, even assuming that large, well-funded BOCs and GTOCs can take these steps, the hundreds of small independent LECs nationwide may not for the foreseeable future be capable, either technically or financially, to do so. Indeed, many of the smaller LECs are not required to provide, and do not currently provide, equal access in their regions. The BPP "solutions" outlined by the larger LECs, such as SS7 and AABS, will clearly not be as high a priority as equal access for the smaller LECs and consequently are unlikely to be available for an even longer time.

Second, enabling the LECs to recover their costs under BPP tariffs for investment in the extensive SS7 and AABS deployment without which BPP cannot be implemented effectively smacks of

^{25/} Notice at ¶¶ 26-27. AABS purportedly permits automated selection and recordation of the billing information for collect and third number calls, though its features have been only briefly cited in the BPP record to date. See, e.g., Reply of Southwestern Bell Telephone Company, RM-6723 (filed Dec. 23, 1991) at 5-6.

unfairness. Since SS7 has been touted as a signaling function useful for a broad range of services, it would be inequitable to saddle the IXC industry with a potentially disproportionate share of its deployment costs, rather than spreading that cost across a broader range of LEC services.

Third, it is unclear how SS7 and AABS would resolve the need for two operators on collect and third party calls, since only the IXC operator should be permitted to seek acceptance of the call and respond to rate questions from the billed party. The Commission has noted that BPP calls requiring two operators would not provide any measurable benefit over current 0- routing arrangements.^{26/} The Commission should be aware that such live operator handled calls constitute from 48% to 66% of the calls handled by Joint Commenters and other IXCs. Given this large proportion of calls for which BPP will not provide any greater convenience to consumers (and in fact will increase call processing time), and the fact that the rates for such calls will nevertheless have to include the BPP cost, BPP will be detrimental to consumers on all such calls.^{27/}

^{26/} Notice at ¶ 26.

^{27/} The Commission's cost/benefit analysis of BPP should evaluate BPP's projected costs with respect only to those calls to which it will provide a benefit. It should therefore exclude the roughly 50% of all calls which are live operator handled, and, as discussed at n.18 supra, the analysis should also exclude those calling card calls of AT&T and other IXCs which would automatically be routed to the calling card holder's presubscribed IXC without BPP. If both of these types of calls are excluded from the analysis, the enormous costs of BPP even further outweigh any conceivable benefit.

B. The Uncertainty of Ubiquitous BPP Implementation Undermines Its Purported Ability To Provide Uniformity in 0+ Dialing Patterns

Uniformity of dialing patterns and convenience to consumers are fundamental Commission goals for the operator services industry.^{28/} These objectives, already attained by the existing nationwide operator services regulations, will be reversed by BPP.

First, the Commission's stated proposal to mandate BPP for all 0+ interLATA calls raises jurisdictional questions, since many interLATA calls may be intrastate in nature in most states. To the extent that the Commission mandates BPP only for 0+ interLATA interstate calls, however, it will leave in doubt the treatment of other call categories -- namely, 0+ intraLATA calls and 0+ interLATA, intrastate calls -- thus defeating its intent to create 0+ uniformity. Indeed, from many payphones, such intrastate calls represent a majority of traffic.

Second, it is conceded that BPP will not be available from LECs in non-equal access areas. Moreover, deployment by all LECs of the sophisticated technology required to resolve some of the conceded drawbacks of BPP is even less certain. Since achievement of the Commission's uniformity objectives by BPP is dubious in light of these issues, the Commission should maintain the current presubscription environment, which is fully subject to nationwide regulations that do assure consumers uniformity.

^{28/} See, e.g., Notice at ¶ 31.

V. **BPP WILL BE COMPETITIVELY DISASTROUS TO REGIONAL IXCS SUCH AS JOINT COMMENTERS, WHICH DO NOT HAVE UBIQUITOUS NATIONWIDE NETWORK ORIGINATION**

Supporters of BPP claim that all IXCs would have equal opportunities to be selected by consumers for carriage of 0+ interLATA traffic, regardless of the size of an IXC's customer base, and of whether it provides 1+ interexchange services. This argument flies in the face of competitive reality. Mandatory implementation of BPP would drastically reduce the level of competition in the interstate operator services market, particularly by forcing service expansion on third-tier IXCs irrespective of their business strategy and economic interests. Only two classes of carriers would conceivably benefit from BPP: the LECs, which would derive a substantial, new revenue stream from BPP charges paid by IXCs, recapture intraLATA traffic which today would be routed to an IXC, and regain a 0+ bottleneck on all calls; and the only three IXCs with nationwide origination capabilities -- AT&T, MCI and Sprint. In fact, BPP would largely transfer the 1+ market share of the IXCs directly into the 0+ market, leaving very little, if anything, else for regional and specialized IXCs.

Indeed, Joint Commenters submit that even the "benefit" to nationwide IXCs does not support BPP. Even though AT&T would theoretically "benefit" from BPP insofar as its 1+ subscriber base would be guaranteed 0+ access to its network from all aggregator locations, the costs of BPP would greatly outweigh that benefit given AT&T's predominance in the aggregator market

and the fact that its subscribers already reach it at those locations. Moreover, the substantial costs BPP would impose on AT&T, would have to be passed on directly to those subscribers, who received no "benefit" whatsoever from BPP -- 60+ percent of users would therefore pay for a service they neither need nor benefit from.^{29/}

If BPP is deployed, consumers would expect nationwide service from their IXC. Regional third-tier IXCs would therefore be forced to become "full service" carriers under BPP, even where they do not offer operator services today. They would have to develop a means to handle traffic originating nationwide. The BPP proposal attempts to address the disadvantages of BPP for regional carriers by incorporating a "secondary" carrier designation option. This would allow primary regional IXCs to designate a second IXC on behalf of customers for 0+ traffic for those areas in which the primary IXC lacks origination

^{29/} Sprint and MCI, on the other hand, have somewhat more to gain by BPP than their larger competitor, since they would be able to translate their larger 1+ market share into their existing much smaller 0+ market. Moreover, as the only two nationwide IXCs other than AT&T, Sprint and MCI could also be expected to benefit from the fact that regional IXCs would be forced to "partner" with their services to handle their subscribers' BPP need outside their regional service area. Their support of BPP is therefore easily explained -- they stand to gain a windfall increase in 0+ calls without any effort on their own part whatsoever, and to the substantial detriment of all of their other IXC competitors, large and small alike. Nevertheless, Joint Commenters believe that the recurring costs imposed on MCI and Sprint by BPP would likely outweigh even the benefits they perceive from making reduced aggregator payments and receiving increased 0+ call volume under BPP, and that their support of the proposal represents a fairly short-sighted strategy.